

REALIGNMENT

The May Revision reflects the Governor's continued strong support of his public safety realignment proposal.

Based on ongoing discussions with local government officials, members of the Judiciary and other interested parties, the Governor has refined his proposal, as amended on February 25. These changes are reflected in the May Revision and do not alter the fundamental structure or policy goals of realigning certain state programs to the local level.

In addition to normal May Revision caseload changes, the following program changes are proposed for realignment.

FIRE PROTECTION SERVICES

Realignment proposed \$52 million for fire protection services. This is the amount the state reimburses six entities at the local level for fire and emergency services. Because only three of the six entities are counties, the Administration has concluded this program should not be included in the final realignment package.

STATE PENALTY FUNDS SUBVENED TO LOCALS AND CURRENTLY FUNDED PUBLIC SAFETY MANDATES

These two program areas were included in the February revision at a cost of \$40.5 million for state penalty fund subventions, including \$21 million for peace officer training funds administered by the Commission on Peace Officer Standards and Training and \$19.5 million for corrections training funds administered by the Corrections Standards Authority, and \$50.9 million for mandate reimbursement. These programs employ reimbursement methodologies with numerous cities and counties receiving varying amounts each year for submitted claims. Unless new methodologies were devised, realignment would unnecessarily complicate the reimbursement process; thus, these programs have been removed from the proposal.

COURT SECURITY

The \$485 million estimate used in the February document was for 2010-11. This estimate has been refined by the Administrative Office of the Courts to be \$484.6 million.

An additional \$2.5 million has been added to address court security costs associated with parole revocation hearing workload. An inflation factor of 2.2 percent (\$10.7 million) has been applied to more accurately reflect a 2011-12 cost figure. The final court security estimate for 2011-12 is now \$497.8 million.

LOCAL PUBLIC SAFETY GRANTS

The \$506.4 million estimate in the February document included approximately \$2 million in grant funding that goes to entities other than local public safety agencies, including the state Department of Justice and the UC Board of Regents.

The May Revision moves this funding to the state operations and local assistance budgets of the California Emergency Management Agency and the Department of Justice, resulting in a new Local Public Safety Grant total of \$504.4 million.

LOCAL JURISDICTION OF LOWER-LEVEL OFFENDERS AND PAROLE VIOLATORS

The May Revision reflects two funding changes in this area. First, resources have been added for county costs associated with increased workload for District Attorneys and Public Defenders dealing with parole revocation hearings.

Second, the original model for calculating local costs did not include program dollars for offenders serving time in jail. Program dollars were previously only included for those offenders assumed to be in the community or serving a revocation term. Funding program costs for all offenders will ensure a continuum of services beginning while offenders are in jail and extending to services provided in the community. This service model makes the most sense and should lead to even better outcomes, including reduced recidivism.

These two changes add \$44.6 million to the amount being allocated to counties.

AB 3632 – RESIDENTIAL AND MENTAL HEALTH SERVICES

In January, the Governor included both residential and mental health services for special education pupils (generally referred to as AB 3632) as part of realignment. In 2011-12, \$98.6 million of mental health services are funded. In 2012-13, \$150 million was proposed from Realignment 2011 funds for these services. Residential services were funded beginning in 2011-12 based on the regular state/county shares of cost.

There has been confusion in the current year about who is responsible for funding mental health and residential services provided to special education pupils. This was caused by the lack of funding for the state's share of residential services and the elimination of funding through a veto of the mandate item for mental health services in the 2010 Budget Act.

Notwithstanding this additional confusion, it has become increasingly clear in the past few years that this program is not working well for a variety of program and fiscal reasons.

Therefore, the May Revision proposes that this program no longer be realigned to counties, but instead, be realigned to school districts. Please see the Mental Health and Proposition 98 sections for additional details regarding this proposal.

FOSTER CARE AND CHILD WELFARE SERVICES

In addition to a 2011-12 reduction of \$68 million in Foster Care costs due to realigning residential services for special education pupils from counties to school districts, a number of other May Revision changes are proposed in the realignment of these programs.

There are three counties that perform the activities associated with independent adoptions workload: Los Angeles, San Diego and Alameda. The Department of Social Services does the work for the 55 other counties.

Given that this is a fee-driven program and the work is performed primarily by the state, the May Revision proposes to reduce the amount realigned to counties by \$1.7 million and have the Department of Social Services contract with the 3 counties that currently perform this work. The Department of Social Services will continue to do the work associated with independent adoptions for the 55 counties.

In terms of Agency Adoptions, 28 counties currently perform this work with the Department of Social Services doing the work for the remainder of the counties. The May Revision proposes to include approximately \$6 million that had been state operations costs in realignment. The 30 counties that currently have the Department of Social Services perform the Agency Adoptions workload for them can either contract with the Department of Social Services to do this work, choose to take on the work themselves, or join with other counties to perform the work.

The May Revision proposal also retains \$911,000 at the state level to perform Foster Care and Child Welfare Services work for all tribal-state agreements.

Finally, the May Revision proposal retains \$8.2 million for the Department of Social Services to contract for Child Welfare training activities. Because this is of statewide import, it is not an appropriate expenditure within realignment.

REVENUE

Due to these changes, fewer resources need to be included for the realignment program. Therefore, the May Revision proposes that 0.4 percent of the VLF increase be allocated for realignment versus the 0.5 percent included in January. The one-cent sales tax extension continues as part of realignment.

The May Revision assumes extension of these taxes effective July 1. Revenues will be deposited into the State's Local Revenue Fund 2011. The proposed Constitutional Amendment will extend these taxes and provide ongoing funding for those services, thereby providing important protections for counties.

The following Figure REA-01 outlines the revised funding for the May Revision revenue and realignment programs.

Figure REA-01				
Realignment Funding - May Revision Plan				
(Dollars in Millions)				
Program	2011-12	2012-13	2013-14	2014-15
Court Security	\$497.8	\$497.8	\$497.8	\$497.8
Vehicle License Fee Public Safety Programs	504.4	504.4	504.4	504.4
Local Jurisdiction for Lower-level Offenders and Parole Violators				
Local Costs	302.3	611.0	759.1	762.2
Reimbursement of State Costs	653.0	-	-	-
Realign Adult Parole				
Local Costs	157.9	295.6	257.0	187.7
Reimbursement of State Costs	262.6	-	-	-
Realign Remaining Juvenile Justice Programs	241.5	241.5	241.5	241.5
Mental Health Services				
EPSDT	-	579.0	579.0	579.0
Mental Health Managed Care	-	183.7	183.7	183.7
Existing Community Mental Health Programs	1,077.0	1,077.0	1,077.0	1,077.0
Substance Abuse Treatment	183.6	183.6	183.6	183.6
Foster Care and Child Welfare Services	1,567.2	1,567.2	1,567.2	1,567.2
Adult Protective Services	55.0	55.0	55.0	55.0
Existing Juvenile Justice Realignment	97.1	104.1	103.2	103.3
Growth*	-	274.0	615.3	1,069.6
Total	\$5,599.4	\$6,173.9	\$6,623.8	\$7,012.0
1% Sales Tax	4,520.0	4,932.0	5,324.0	5,655.0
0.4% VLF	1,079.4	1,241.9	1,299.8	1,357.0
Total Revenues	\$5,599.4	\$6,173.9	\$6,623.8	\$7,012.0

*-This amount will be subject to discussion and is intended to cover county costs and reimburse reasonable state costs.